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subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Section 1.501(c)(3)-1 of the Income Tax Regulations relates to the definition of the organization and operation of organizations described in Section 501(c)(3). It reads, in part, as follows:

"In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.---The term 'exempt purpose or purposes', as used in this section, means any purpose or purposes specified in Section 501(c)(3)---."

"An organization is organized exclusively for one or more exempt purposes only if its articles of organization--- limit the purposes of such organization to one or more exempt purposes."

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

"An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of any private shareholders or individuals."

Section 1.501(c)(3)-1 of the Income Tax Regulations sets forth the organizational and operational tests in respect to distribution of assets on dissolution and during operation, and reads, in part, as follows:

"An organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal government, or to a

State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized."

Moreover, an organization is not organized or operated exclusively for one or more exempt purposes specified in Section 501(c)(3) unless it serves a public rather than a private interest. To meet this requirement, it is necessary for an organization to establish clearly that it is not organized or operated for the benefit of any private interests.

The powers granted to you under your Articles of Incorporation, such as to do all and everything necessary or suitable for the accomplishment of your purposes, and to engage in any lawful business and to enjoy all the rights and privileges conferred on not-for-profit corporations by the State of [REDACTED] are too broad to come within the purview of Section 501(c)(3) of the Code.

In order to comply with the requirements of the organizational test, the organization's purposes as set forth in its creating document cannot be broader than the purposes set forth in Section 501(c)(3) of the Code. Since your purposes are not "exclusively" limited to those purposes specified in Section 501(c)(3), you fail to meet the organizational test.

Based upon information submitted it appears that your activities inure to the benefit of individual members and their businesses by means of the substantial personal advertising within the newsletters and annual directory. Your activities do not clearly establish that you are operated for public rather than private interests.

Therefore, we have concluded that you do not qualify as an organization described in Section 501(c)(3) of the Code.

You are required to file Federal income tax returns annually on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this proposed adverse determination letter, appeal to the Regional Office through this Key District Office. Your appeal should contain the information described under Regional Office Appeal in the enclosed Publication 392, and should be mailed to this office. The Regional Office will let you know what action they take, and will set a date and place for any conference to be held. If a written protest is not received within the above time period this determination letter will be final.

Section 7428(b)(2) of the Internal Revenue Code provides, in part, that:

"A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies.

This is a determination Letter.

Sincerely yours,

Signed

District Director

Enclosure